



SIGNED

SECUR 03014122 COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response.....12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 37730

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2002 AND ENDING December 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Rittenhouse Trust Securities, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY

FIRM I.D. NO.

Three Radnor Corporate Center, Suite 450

(No. and Street)

Radnor

(City)

Pennsylvania

(State)

19087

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Paul S. Rovner

610-995-8721

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP

(Name - if individual, state last, first, middle name)

Two Commerce Square, Suite 1700, 2001 Market St Philadelphia, PA 19103

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

PROCESSED

MAR 18 2003

THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Binney H.C. Wietlisbach, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Rittenhouse Trust Securities, Inc., as of December 31, 20 02, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Sworn to and subscribed before me
this 9th day of Feb. 20 03.

Binney H.C. Wietlisbach
Signature

President
Title

Deborah L. MacDonald

Notary Public

NOTARIAL SEAL
DEBORAH L. MacDONALD, Notary Public
Ridley Twp., Delaware County
My Commission Expires May 4, 2006

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of ~~Changes in Cash Flows~~ Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity ~~or Changes in Cash Flows~~
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 ~~and the~~
~~Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3~~
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**Rittenhouse Trust
Securities, Inc.**

(a wholly-owned subsidiary of The Rittenhouse Trust Company)

Statement of Financial Condition

December 31, 2002

Rittenhouse Trust Securities, Inc.
(a wholly-owned subsidiary of The Rittenhouse Trust Company)
Index
December 31, 2002

	<u>Page(s)</u>
Report of Independent Accountants	1
Statement of Financial Condition	2
Notes to Financial Statements	3 - 4

Report of Independent Accountants

To the Stockholder of
Rittenhouse Trust Securities, Inc.

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Rittenhouse Trust Securities, Inc. (the "Company") at December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 6, the Company has significant transactions with its parent. Because of this relationship, it is possible that the terms and results of the Company's transactions with its parent are not the same as those that would result from transactions among wholly unrelated parties.



February 14, 2003

Rittenhouse Trust Securities, Inc.
(a wholly-owned subsidiary of The Rittenhouse Trust Company)
Statement of Financial Condition
December 31, 2002

Assets	
Cash and cash equivalents	\$ 560,414
Brokerage commissions receivable	25,788
Furniture and equipment (net of accumulated depreciation of \$41,342)	1,565
Other assets	<u>26,900</u>
Total assets	<u>\$ 614,667</u>
 Liabilities and Stockholder's Equity	
Liabilities:	
Accrued expenses and other liabilities	\$ 41,165
Deferred income taxes	85
Due to Parent	<u>129,339</u>
Total liabilities	<u>170,589</u>
Commitments	
Stockholder's Equity:	
Common stock, \$1 par value - 1,000 shares authorized, 100 shares issued and outstanding	100
Additional paid-in capital	49,900
Retained earnings	<u>394,078</u>
Total stockholder's equity	<u>444,078</u>
Total liabilities and stockholder's equity	<u>\$ 614,667</u>

The accompanying notes are an integral part of these financial statements.

Rittenhouse Trust Securities, Inc.

(a wholly-owned subsidiary of The Rittenhouse Trust Company)

Notes to Financial Statements

December 31, 2002

1. Business and Organization

Rittenhouse Trust Securities, Inc. (the "Company") is registered as a broker-dealer with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company was incorporated in 1987 and generally provides brokerage services as the introducing broker to clients of The Rittenhouse Trust Company ("RTC"), the parent company.

All of the outstanding stock of the Company is owned by RTC, a state-chartered trust company and commercial bank under the laws of the Commonwealth of Pennsylvania.

2. Summary of Significant Accounting Policies

The following significant accounting policies are in conformity with accounting principles generally accepted in the United States of America for brokers and dealers in securities. These policies are consistently followed by the Company in the preparation of its financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents. For purposes of the statement of cash flows, the Company has defined cash and cash equivalents as highly liquid investments with maturities of less than ninety days that are not held for sale in the ordinary course of business. The carrying amount of cash equivalents in the balance sheet approximates its fair value. Included in cash and cash equivalents is an overnight repurchase agreement. At December 31, 2002, the Company entered into an overnight repurchase agreement with National Penn Bank for a principal amount of \$461,665 with a 1.50% interest rate, due January 2, 2003 for total proceeds of \$461,703. The overnight repurchase agreement was fully collateralized by a Federal Farm Credit Bank (FFCB) investment, with a 9.55% interest rate, market value of \$461,742 and maturity date of May 12, 2009.

Fixed Assets. Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over estimated useful lives of three to seven years.

Income Taxes. The Company is taxed as an S-corporation for federal income tax purposes. Accordingly, the income of the Company is passed through to the owner and no provision is made in the financial statements for federal income taxes. For state income tax purposes, the Company is considered a C-corporation and is subject to state income taxes on a stand-alone basis. Deferred taxes are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities given the provisions of the enacted tax laws.

3. Credit Risk Concentration

Brokerage commissions receivable of \$25,788 are due from the Company's carrying broker.

Rittenhouse Trust Securities, Inc.

(a wholly-owned subsidiary of The Rittenhouse Trust Company)

Notes to Financial Statements

December 31, 2002

4. Income Taxes

The net deferred tax liability at December 31, 2002 was due to accelerated depreciation for income tax purposes. The state income tax liability as of December 31, 2002 of \$21,340 has been included within Accrued expenses and other liabilities on the Statement of Financial Condition.

5. Agreement with Carrying Broker

The Company has entered into an agreement with a broker (the "carrying broker") to execute securities transactions on behalf of its customers. The Company fully discloses this arrangement to its customers. The carrying broker remits commission revenue to the Company net of fees for clearing and other services. Substantially all revenue reported by the Company for 2002 resulted from this relationship. Full payment of the \$25,788 receivable at December 31, 2002 was received from the carrying broker in January 2003.

The Company clears all of its securities transactions through clearing brokers on a fully disclosed basis. Pursuant to the terms of the agreements between the Company and the clearing broker, the clearing broker has the right to charge the Company for losses that result from a party's failure to fulfill its contractual obligations. At December 31, 2002, the Company has recorded no such liabilities.

The Company has the right to pursue collection or performance from the parties who do not perform under their contractual obligations. The Company monitors the credit standing of the clearing broker and all parties with which it conducts business.

6. Related Party Transactions

The sole stockholder of RTC receives payments for business development and other services provided to the Company.

The Company reimburses RTC for its proportionate share of office space, compensation and related benefits, office supplies, and other shared corporate expenses.

7. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined in Rule 15c3-1, shall not exceed 15 to 1. The Company had net capital of \$415,613 at December 31, 2002, which was in excess of its required net capital of \$50,000. The Company's ratio of aggregate indebtedness to net capital was 0.41 to 1 at December 31, 2002.

The Company does not carry securities accounts for customers or perform custodial functions related to customer securities. Therefore, the Company claims exemption from the reserve and possession or control provisions under Rule 15c3-3 of the Securities Exchange Act of 1934 under the exemption allowed by Paragraph (k)(2)(ii) of that rule.